

City of Detroit

CITY COUNCIL

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ANNE MARIE LANGAN
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TO: Shawny DeBerry, Director
Municipal Parking Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 1, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 8, 2008 at 2:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Council Members
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pamela Scales, Budget Director
Ron Chenault, Budget Department Team Leader
Kerwin Wimberly, Mayor's Office

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Municipal Parking (34)

FY 2008-2009 Budget Analysis by the Fiscal Division

Summary

The Municipal Parking Department (MPD) is comprised of two divisions: The Automobile Parking Division (APD) and the Parking Violations Bureau (PVB). The APD is an Enterprise Agency that is responsible for planning, supervising, operating and maintaining the City's Auto Parking and Arena System. The PVB is a General Fund Agency that is responsible for enforcing the City's on-street ordinances and processing all violation notices for payment to the General Fund.

The Mayor's 2008-2009 Proposed Budget includes appropriations of \$40.3 million for the MPD, a \$0.02 million or 0.5 % decrease from fiscal year 2007-2008. The proposed budget also includes revenue of \$43.7 million, which is a \$1.7 million or 3.7 % decrease from fiscal year 2007-2008. The projected net tax cost is \$(3.4) million, or \$1.5 million more than the current fiscal year.

2007-2008 Surplus/(Deficit)

The estimated net deficit in the MPD for FY 2007-2008 is \$(1.4) million due to a shortfall in parking fines.

Overtime

The Mayor's 2008-2009 Proposed Budget includes \$83,000 for overtime in the MPD. For fiscal year 2007-2008, budgeted overtime is \$66,192. As of March 31, 2008, the MPD has expended \$56,548 or 85.4% of the fiscal year 2007-2008 budgeted overtime.

Employee Turnover Savings

The Mayor's 2008-2009 Proposed Budget does not include any employee turnover savings from the Municipal Parking Department.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 08/09 Budget</u>	<u>Mayor's Recommended Turnover</u>
Municipal Parking (34):					
340080 Violation Bureau Gen. Ofc. & Audits	5	5	5	0	\$ -
340090 Enforcement Unit	59	54	61	(5)	\$ -
00102 Parking Violations Bureau	64	59	66	(5)	\$ -
340010 Administration	21	19	21	(2)	\$ -
340020 Maintenance	14	15	14	1	\$ -
340040 Meter Maintenance	6	6	6	0	\$ -
340050 Meter Collection	11	11	11	0	\$ -
04108 Operation & Maintenance	52	51	52	(1)	\$ -
34XXXX Worker's Compensation	0	(1)	0	(1)	\$ -
34XXXX Leave of Absence	0	(1)	0	(1)	\$ -
TOTAL	116	108	118	(8)	\$ -

Municipal Parking (34)

FY 2008-2009 Budget Analysis by the Fiscal Division

Proposed Layoffs and Position Changes

The Mayor's Proposed Budget for 2008-2009 does not include any layoffs. The Mayor is proposing two additional staff members for Municipal Parking. This changes the number of FTE's budgeted for the department from 116 employees in fiscal year 2007-2008 to 118 employees in fiscal year 2008-2009.

Significant Changes in Funding by Appropriation

<u>Appro</u>	<u>Program</u>	
04108	Operation and Maintenance	The appropriation for Operation and Maintenance decreased by \$1.2 million. The decrease is due to small decreases in all major components of Operation and Maintenance.
04111	Parking Systems Program	The appropriation for the Parking Systems Program decreased by \$16,771 due to the projected decrease in Contingencies.
06423	Repayment of Revenue Bond-Trustee	The appropriation for Repayment of Revenue Bonds due to an increase of \$160,000 for the retirement of debt principal partially offset by a \$98,555 decrease in interest.
06244	Trustee and Contingency Reserve	The appropriation for Trustee and Contingency Reserve increased by \$1.3 million, due to the projected increase in Contingencies.
00102	Parking Violations Bureau	The appropriation for Parking Violations Bureau decreased by \$0.4 million due primarily to a \$0.4 million decrease in Contract Services.

Municipal Parking (34)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2007-08 Budget</u>	<u>FY 2008-09 Recommended</u>	<u>Increase (Decrease)</u>
Automobile Parking Division	\$ 5,533,580	\$ 5,111,300	\$ (422,280)
Parking Violations Bureau	4,073,300	3,675,000	(398,300)
Total	\$ 9,606,880	\$ 8,786,300	\$ (820,580)

Municipal Parking (34)

FY 2008-2009 Budget Analysis by the Fiscal Division

Significant Revenue Changes by Appropriation

<u>Appro</u>	<u>Program</u>	
04108	Operation and Maintenance	Operation and Maintenance decreased by \$0.6 million due to Transfers from Other Funds.
05976	Auto Parking Operations	Auto Parking Operations increased by \$0.8 million due primarily to an \$0.7 million increase in Earnings on Investments.
00102	Parking Violations Bureau	Parking Violations Bureau decreased by \$1.9 million due to \$1.9 million decrease in Parking Fines.

Issues and Questions

- How much revenue has been generated from garage advertisements and leasing rental space at the Millennium Center?
- Olympia is supposed to provide the MPD with financial statements. Based on financial statements received, can you tell us how much revenue from television sales has been generated for the City?
- Revenue from parking fines are projected to decrease \$1.9 million. Why?
- Ticket Sales Revenue has decreased for Joe Louis Arena. How is the department working with Olympia to increase use of the facility thereby increasing Ticket Sales Revenues?
- Why are Earnings on Investments projected to increase \$725,000 when interest rates have been declining?
- Why is the overtime budget for 2008-09 increasing by \$16,800, or 25%?
- Even though the Parking Violations Bureau is facing a \$1.9 million revenue shortfall in parking fines, the Mayor recommends adding two enforcement officers to the bureau for enhanced collection efforts. However, the revenue in parking fines decreases by \$1.9 million in 2008-09, too. Why is there a need for the additional enforcement officers when revenue projections don't show an increase?
- What impact will be \$1.2 million decrease in Operations and Maintenance have on this program?

Municipal Parking (34)

FY 2008-2009 Budget Analysis by the Fiscal Division

- How will \$400,000 decrease in contractual services impact the Parking Violations Bureau operations in 2008-09?